

Bulletin

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS ■ FALL 2003

Board Election Ballots Are Due December 1

For the first time ever, current California educators will be able to elect members to the Teachers' Retirement Board. Recent legislation established three elected positions on the 12-member governing body that sets policy and makes rules for CalSTRS. The three elected positions represent current educators; board membership also includes a retiree who is appointed by the Governor.

You have until December 1 to voice your choice for two of the three seats in the election. The third position, elected by community college faculty, has been filled by Carolyn Widener of the Los

Angeles Community College District, the only candidate who qualified for that position.

CalSTRS sent ballots to the mailing addresses of eligible voters on October 1. If you were employed in a K-12 school district during the 2002-03 school year and did not receive a ballot, call 800-218-4026 during business hours for a replacement ballot and candidate statement booklet. You can choose to record your vote three ways: online, by telephone or by mail.

Vote Online or by Telephone

To vote online or by telephone you will need the personal identification number printed on the

ballot mailed to you. To vote online, go to

www.election.vri.com/calstrs.html.

To cast your ballot by telephone call 800-301-6490. Instructions are provided to walk you through the voting process.

It is important that you confirm your votes before you disconnect from the Internet or hang up the telephone, otherwise, your votes are not registered.

Vote by Mail

You may also vote by mail. Your ballot must be postmarked no later than December 1, 2003. You must mail your ballot in the postage-paid return envelope included in the election packet, otherwise your ballot will not be counted.

Election Results

The CalSTRS Chief Executive Officer will announce the outcome of the election for the two open K-12 positions on December 18. The results will be posted on the CalSTRS Web site, www.calstrs.com.

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You have until December 1 to voice your choice for the Teachers' Retirement Board.



CEO Notes

By Jack Ehnes, Chief Executive Officer

The Teachers' Retirement Board adopted our new mission statement knowing full well the commitment it makes to those we serve—you and your loved ones. We are dedicated to creating a rewarding and secure future for our members, as promised in that statement below.

We will be your guide as you journey toward retirement. To help you, we will provide you with financial planning tools, financial education or services, and products as you make important decisions about your future.

We are actively seeking your guidance on how well we are serving you and what more we can do. Through surveys and focus groups we are hearing from you about your concerns as we tailor our services more closely to what you are telling us.

Providing more and better service will not help if those it's designed for don't know about it. Therefore, the challenge comes in reaching out to you, in letting you know that we understand you and have the resources and desire to help.

The answer to that challenge comes through powerful communications that express our mission and provide you consistent, meaningful information you can use throughout your teaching career.

As part of that powerful communication initiative, in the coming months you'll see changes to our publications and other communications. One change you see in this issue of the *Bulletin* is the new CalSTRS logo.

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

The logo is our acronym as an artistically altered typeface. The most noticeable feature in the logo is the towering T. That's because *Teachers* is the most important word in our name. Our total focus is on helping you achieve the lifestyle you want when you end your service to California's children. That towering T also represents the *trust* you can have in

CalSTRS as well as the *tomorrow* we are working toward together.

The color is a warm, energizing red. This call-to-action color is to spark you to join us in taking the steps you need for a secure financial future.

The logo is accompanied by a question, "How will you spend your future?" This provocative question is there to spark your thoughts on what you can do for yourself, with our help, for your own secure financial future.

Our new communication style is also evident in the CalSTRS Web site, which can now be found at the easy-to-remember address, www.calstrs.com. Users of the old Web address will continue to be redirected to this new one for quite some time, of course.

The new look of our communications is only the tip of the iceberg, the visual expression of our deep commitment to the quality, compassionate service you can depend on from your pension system.

Mission Statement: Securing the financial future and sustaining the trust of California's educators.

Permissive Service Credit Purchase Costs Going Up

If you've been thinking about purchasing service credit to help boost your retirement benefit, now is the time to act. The cost for certain types of service credit purchases will be going up substantially July 1, 2004.

The Teachers' Retirement Board has determined the cost to purchase permissive service credit does not reflect the actual cost of the benefit received by the purchaser. Therefore, to be equitable to the membership at large, the cost for permissive service credit will increase. The actual amount of the increase will be determined in the spring.

What is Permissive Service Credit?

Permissive service credit can be purchased for performing certain other, non-CalSTRS work activities or service credit you would have earned while on an employer-approved leave of absence. These activities can include part-time or substitute service in a California public school before CalSTRS membership, out-of-state teaching, certain military service or education positions and maternity or paternity leave.

The full list of types of permissive service credit is given in the brochure *Purchase Additional Service Credit* or on the CalSTRS

Web site, www.calstrs.com. Click on *Members*, *Defined Benefit Program*, then *Increasing Your Service Credit*.

Other types of service credit you can purchase are not affected by the board's change. These types of service credit are for service credited if you redeposit previously refunded contributions or purchase nonqualified service credit, sometimes called "airtime."

Despite the cost, purchasing permissive service credit can make a significant, long-term difference in your retirement benefit.

How to Figure Value of Purchase

If you believe you are eligible to purchase permissive service, use the online calculators to help you decide if the purchase is right for you. You'll need to estimate the cost to purchase the service credit and also its value to your retirement benefit.

Click on *Calculators* at the CalSTRS Web site to get those estimates. Start with the *Retirement Benefits* calculator to see your approximate monthly benefit at retirement with and without the additional service credit. Then use the *Permissive Service Credit* calculator for the estimated cost of that purchase.

How to Purchase

To start, complete the *Redeposit or Purchase of Permissive*

or Nonqualified Service Credit form. You can download the form from the CalSTRS Web site or order it on the automated CalSTRS telephone system at 800-228-5453. After completing and returning the form, CalSTRS will send you a billing statement for your purchase. If you decide to make the purchase, sign and return the statement within 35 days. You can pay in a lump sum, up to 120 monthly installments or with a rollover. If you plan on retiring soon, you should know that the purchase must be completed before your retirement date.



Act Now

To avoid the significantly increased costs for buying permissive service credit, you must sign and return the billing statement committing to the purchase before July 1, 2004. Taking action now could reap rewards when you retire.

Annual Statement Sports a New Look and More Information

Your annual statement, due in mid-December, will have a different look than before and it is not just the color that's different. The amount of personal information has been increased to help you make the financial plans you need to ensure a rewarding time after you retire from your public school career.

The snapshot of your CalSTRS account as of June 30, 2003 will now show contributions to CalSTRS in two areas. The Defined Benefit Account section continues to show your accrued contributions and interest. Remember, however, that your retirement through CalSTRS is a defined benefit. This means your monthly benefit is guaranteed for life and is not dependent on the amount in your account.

A new section shows your Defined Benefit Supplement Account totals. This account includes the reallocation of one-quarter of your CalSTRS contribution. This reallocation, which is 2 percent of your creditable compensation, will not reduce your Defined Benefit allowance in any way.

In addition, if you earned more than one year of service credit in a single school year or received limited term enhancements such as retirement incentives or career milestone payments, your contributions as well as your employer's for that excess service or enhancements are credited to your DBS account.

A new separate section breaks out your service credit, rather than including it in the DB account section as before. You will want to carefully check the totals and correct any errors you find. See the article on page 5 for details on how to do this.

Another new area gives you more information on your specific type of disability and survivor benefit coverage, whether A or B.

Help on the Web Site

To help you understand the personalized portion of your statement, use the *Annual Statement Pop-up Guide* on the CalSTRS Web site at www.calstrs.com. Click on *Members*, *Defined Benefit Program*, *Your CalSTRS Annual Statement*, then *Annual Statement Pop-up Guide*.

You will find gold question marks on the image of the annual statement. Click your mouse on any of the question marks, and a window will open that explains that particular field.

Review the pop-up guide with your annual statement in hand so you can check your individualized statement against the information as it is pointed out.

Your Pension Depends on an Accurate Annual Statement

The most important document you receive from CalSTRS is your annual statement of account. It shows your employment information your employers provided to CalSTRS as of June 30 of the year covered by the statement.

This information will ultimately be used to calculate your retirement benefit. If it is inaccurate, the determination of your final retirement benefit amount may be delayed. Therefore, when your annual statement of account comes in mid-December, carefully check the personalized information. Pay particular attention to the accrued service credit from prior years and the service credit reported for the current year.

See an Error?

If you see an error in your statement of account and are currently working in a CalSTRS-covered position, contact your employer. Your employer is the source of the information and is the only one who can correct what has been reported to us. Contacting CalSTRS first only delays resolution of the problem.

When contacting your employer, ask to speak to the person responsible for reporting your earnings to CalSTRS. In many districts, this person is called the "payroll time reporter" and can work in either the payroll or personnel office. To help correct an error, bring in your annual statement and be prepared to

explain why you think the information is wrong.

If you work for more than one employer, you will need to contact each one until the error is found. Be sure to inform each payroll time reporter that you work for multiple employers when you discuss the problem with him or her.

If you are no longer working in a public school, contact CalSTRS at 800-228-5453 about the error.

It's Worth The Effort

Making the effort now to get an accurate work history reported to CalSTRS will help you get the full retirement benefit you are entitled to as early as possible after retirement.

Get Instant Access to Certain Personal Retirement Account Information

Defined Benefit members now have secure access to certain personal CalSTRS information 24 hours a day on the CalSTRS Web site.

Called *myCalSTRS*, the new feature is a secure portal that allows you access to certain account information. Currently, *myCalSTRS* can show a Defined Benefit member's customized annual statements since 2002 and 1099Rs (tax forms for benefit recipients) since 2000.

More new features will be added to *myCalSTRS* in the coming months, including an e-mail link to CalSTRS, online forms and links to submit information and requests electronically and additional personal account information.

Go to the CalSTRS home page at www.calstrs.com and click on *myCalSTRS* today to get started.

Keep checking back for new features!



DBS Annuity Could be Your Choice

The newest CalSTRS program, Defined Benefit Supplement Program, allows you to receive a lump sum at retirement — or a monthly annuity if your DBS account balance is at least \$3,500. You can learn your account balance through your annual statement, which should be received in mid-December this year.

Your account grows two ways. Two percent of your compensation, which is one-quarter of your monthly CalSTRS contribution, is currently being allocated to your DBS account. Although the automatic reallocation is only scheduled through December 2010, the account will continue to earn interest until you retire or leave CalSTRS-covered employment and take a refund.

Your DBS account will also increase through contributions made by you and your employer for any service you perform in excess of one year of service credit

in any school year. This is an ongoing source of growth for your DBS account.

Your DBS benefits are in addition to the retirement allowance payable from the Defined Benefit Program and will not affect the amount you will receive from that program.

Online Help with Estimates

One of the most frequently used features of the CalSTRS Web site (www.calstrs.com) is the retirement benefits calculator. CalSTRS has now expanded this section to include a chart that allows you to quickly see the estimated DBS annuity amount you might receive, if you choose an annuity.

The chart on the Web site allows you to learn more about the DBS annuities available and quickly locate an estimate for each annuity type based on your personal DBS account balance and age at retirement. Simply go to the CalSTRS home page, click on *Calculators*, then *DBS Annuity Estimates* and follow the instructions. Be sure to also have your annual statement of account showing your DBS account balance.

CalSTRS plans to automate this page in the future, so members can type in their information and use it as a true calculator.

Coming Soon to the Internet: 403(b)Compare

Starting in mid-2004, you will have access to 403(b)Compare, an online “information bank” of objective information about various 403(b) vendors and the products they offer. A 403(b) plan is an optional, tax-deferred savings plan that supplements your CalSTRS monthly retirement benefit.

This Web site is being designed to help you make better-informed investment decisions. You’ll be able to learn more about 403(b) plans in general and to compare various features of different 403(b) products, such as performance and fees.

The Web site is currently being developed by CalSTRS in response to a new law (Chapter 1095 of 2002, Assembly Bill 2506). The completed Web site should be available on July 1, 2004. After that date, only vendors registered with the information bank will be allowed to offer their products to employees of California school districts, community college districts, and county offices of education. (Unregistered vendors will be allowed to continue to accept payroll deductions only from school employees who had already established their accounts with their current employers before July 1, 2004.)

More details on 403(b) Compare will follow in the next newsletter.



Retirement Incentives Could Sweeten Benefits

A new law provides retirement incentives that would increase the monthly benefits for eligible members whose school districts offer the programs. These two retirement incentive programs would increase either one or two of the elements used in calculating the CalSTRS service retirement benefit.

The law, Chapter 313, Statutes of 2003 (AB 1207—Corbett), allows Defined Benefit members who are currently eligible to retire to receive either:

- two years of service credit, often called “Golden Handshake”

OR

- two years of service credit and two years of age added to the age factor (2+2)

Every individual’s situation is different. However, depending on your age and years of service credit, the two years of service credit incentive can increase your monthly retirement benefit by approximately 5 to 10 percent, and the 2+2 incentive can increase your monthly retirement benefit by as much as 25 percent.

Action Necessary by Employer

Your employer must decide to provide these retirement incentives and they can be offered either through a collective bargaining agreement or an employer resolution. CalSTRS is notifying employ-

ers of the specifics of these programs and the actions the district’s governing body must take to offer them. One requirement is that the employer must pay the costs of the benefit and demonstrate that offering the incentive will result in a net savings.

Eligibility for Incentives

You must be eligible for service retirement and retire within the time period specified by your employer in order to take advantage of the incentive. You are eligible to retire if you are:

- 1) age 55 with at least five years of service credit
- 2) age 50 with at least 30 years of service credit
- 3) age 55 with fewer than five years of service credit but eligible to retire at the same time with another California public retirement system, such as CalPERS

Effective Dates

The two years of service credit incentive program is effective January 1, 2004 and allows employers to decide to offer the benefit at any point in the future. The 2+2 incentive program becomes effective January 3, 2004 and ends December 31, 2004.

Some Restrictions

Benefit Enhancements

The additional service credit given in the incentive programs

cannot count toward eligibility for service retirement or the credit necessary for other CalSTRS benefit enhancements such as one-year final compensation, career factor and longevity bonus. In addition, you cannot participate in both retirement incentives or pay the cost of the benefit in lieu of your employer, and CalSTRS will not grant partial benefits, unless you receive the 2+2 incentive and would otherwise exceed the maximum age factor.

Post-Retirement Employment

If you are able to retire with either the two years of service credit or 2+2 incentives, a number of restrictions on post-retirement employment affect your ability to keep the benefit, even if you receive an exemption to the post-retirement earnings limit.

For example, you will lose the ongoing boost in your retirement allowance if you become an active member again by returning to CalSTRS-covered employment, file for unemployment within a year of retirement, work for any California public school district within a year of retirement or return to the school district that granted you the benefit within five years.

For More Information

More information on the incentive programs, including online calculators that can help you figure the potential boost to your retirement benefit, will soon be on the CalSTRS Web site, www.calstrs.com. You can also contact CalSTRS toll-free at 800-228-5453.



You Can Count on CalSTRS for the Information You Need

You will occasionally see notices or receive invitations to programs or services offered by private companies to provide information on CalSTRS benefits. While the information may be about your retirement system, these invita-

tions are not affiliated with CalSTRS, and are not endorsed by CalSTRS. Any communication from CalSTRS or a CalSTRS-authorized administrator will be clearly labeled as coming from CalSTRS.

If you need information about your CalSTRS benefits, we encourage you to attend a workshop conducted by CalSTRS, or talk to a CalSTRS Call Center representative or benefits counselor. The

CalSTRS representatives and counselors are trained and knowledgeable about your benefit programs and can give you specific information tailored to your individual situation. We are the experts on CalSTRS you can count on. Moreover, you can rest assured that CalSTRS has no profit motive in mind. Our goal is to give you the information you need, not to meet a sales quota.

Teachers Should Save Receipts for Educators' Deduction

As the new school year begins, the Internal Revenue Service reminds teachers and other educators to save their receipts for purchases of books and classroom supplies. These out-of-pocket expenses may lower their 2003 taxes.

The deduction is available to eligible educators in public or private elementary or secondary schools. To be eligible, a person must work at least 900 hours during a school year as a teacher, instructor, counselor, principal or aide.

Taxpayers may subtract up to \$250 of qualified expenses when

figuring their adjusted gross income for 2003. This deduction is available whether or not the taxpayer itemizes deductions on Schedule A.

The IRS suggests that educators keep records of qualifying expenses in a folder or envelope with a label such as *Educator Expenses Deduction*, noting the date, amount and purpose of each purchase. This will help prevent a missed deduction at tax time.

This is scheduled to be the last year for this deduction. Last year's Job Creation and Worker Assistance Act put it in place for

2002 and 2003 only. For more information, call the IRS Tele-Tax system toll-free at 1-800-829-4477 and select Topic 458. Or go to the IRS Web site at www.irs.gov and use its search engine to find Tax Topic 458.

California Tax Credit Restored

Your receipts will also be necessary for a tax credit on your state income tax. The California Teacher Retention Tax Credit has been restored for 2003 after a suspension last year. The tax forms available in December will provide details for eligibility.

Shorter Financial Education Sessions Still Deliver the Goods

This year, the CalSTRS Financial Education program expands the number of workshops offered and provides instruction in new ways. The focus will continue to be educating members in the middle of their careers about their CalSTRS benefits and financial planning.

Beginning in November, we offer financial planning information you need in short, yet useful formats:

- ***Demystifying CalSTRS***, a one-hour workshop that provides an overview of CalSTRS as the foundation of a personal financial plan and is presented by CalSTRS staff. This workshop is chock full of information but doesn't take up much of your time and is targeted to members who have not attended a workshop in the past. Ideally, this workshop can be scheduled at the end of a regular school day.
- ***CalSTRS Fundamentals***, a two-hour workshop highlighting the essentials of the CalSTRS benefit most relevant to members in the middle of their careers and the basics of financial planning. This workshop is presented by CalSTRS staff and a contracted financial planner and provides more detail both on CalSTRS benefits and financial planning than *Demystifying CalSTRS*. This longer

format can be held after school (between 3:30 p.m. to 6:00 p.m. for example) or on a Saturday morning.

Cities Scheduled for Workshops

Workshops are currently being scheduled in the following cities:

- Camarillo
- Chico
- Costa Mesa
- Downey
- Fairfield
- Fresno
- Los Angeles
- Modesto
- Riverside
- Sacramento
- San Diego
- San Jose
- Santa Cruz
- Santa Rosa
- Stockton

If interested in attending a workshop in one of these areas, for details and to

register, call 888-394-2060. Or go online at the CalSTRS home page, www.calstrs.com, click on *Counseling/Workshops* under Resources, then select *Financial Education Programs*.

Do you live or work in an area other than those mentioned here? This year's workshops can be scheduled "on demand." Call 888-394-2060 and a scheduling coordinator can take care of all the details so that we can come to you.



CalSTRS Monthly Benefit Programs

Exempt from Worries

The state's budget deficit and anemic stock market returns have dramatically dominated the news for more than a year. It's natural to wonder what this crisis means to you and your pension. However, you can be assured that the state's fiscal situation and downturns in the stock market have no effect on your future CalSTRS monthly retirement benefits.

CalSTRS is a defined benefit plan, which means the benefits are based on a formula set by law and are guaranteed for life. Your benefit amount depends on your age and service credit at retirement and the highest average compensation you can earn in either one or three school years.

You are assured of your monthly retirement benefit regardless of the amount of contributions and interest in your CalSTRS account. Other advantages of a defined benefit plan include:

- Members do not assume any risk from a poor investment market
- Benefits are predictable
- Benefits are based on pre-retirement income
- Longevity is rewarded
- Members cannot outlive benefits
- Members receive survivor and disability benefits

The Cash Balance Benefit Program participants can also rest easy. The CB Program provides a stable, secure distribution of each

participant's account when the time comes.

In fact, like the DB Program, the CB Program accounts earn a guaranteed rate of return set by the Teachers' Retirement Board each year. The CB account earned 5.25 percent this fiscal year, a return much higher than most IRA accounts have seen in a few years.

There is one CalSTRS program that has been affected by the state's fiscal condition, the purchasing power protection program. This program provides supplemental benefits to help retired members when inflation erodes the consumer value of their pension. In order to reduce state expenditures in 2003–04, the state reduced the contributions to this program by \$500 million. See page 15 for details.





Voice of the Customer Program to Help CalSTRS Improve Service

CalSTRS cares what you think!

In an ongoing effort to make our organization more user-friendly to our members and benefit recipients, CalSTRS is implementing a new program called Voice of the Customer. In the planning and design stage for more than a year, the program consists of an integrated network of focus groups, questionnaires, surveys, Web site polls and interviews, all designed to collect information about the needs, desires and preferences of you, the customer, in regard to the services we provide.

CalSTRS will carefully analyze the answers and suggestions we receive and use the information to improve processes and service — and to ultimately increase the level of your satisfaction.

Elements of the program are already being implemented; for example, our first e-mail survey went out to participating users in late September. The other parts of the program, including customer satisfaction surveys, began in October 2003. The entire program should be in full swing by late fall or early winter; results of the surveys will be published in upcoming issues of this newsletter.

The Voice of the Customer program is intended to become an integral part of the CalSTRS landscape indefinitely. As CalSTRS grows and changes and we learn more about how to measure customer satisfaction, the program will also evolve and reinvent itself in innovative ways that will keep us close to you, our members.

CALL FOR ARTISTS

We're looking for CalSTRS members to exhibit their artwork in the gallery at the CalSTRS office in Sacramento. This gallery space was specifically designed with the purpose of exhibiting artwork of CalSTRS members.

Exhibits last for three months and there is no set limit to the number of pieces an artist can submit. If you live outside the Sacramento area, arrangements can be made for the shipment of your work. If you are interested in exhibiting, please contact Robert Webster at CalSTRS for more information at 916-229-4985 or at rwebster@calstrs.com.

All styles and media are welcome. Since the gallery uses only wall space, all work must arrive suitably prepared for hanging and cannot exceed 50 pounds or five feet in any direction. All work is insured while on display in the exhibit space. All pieces submitted must be identified with the artist's name, title, medium and price, or insurance value if not for sale. No commission is taken on sales.

CalSTRS reserves the right to accept or reject for exhibit, all or in part, any work submitted where the acceptance or rejection would be in the best interest of CalSTRS.

First Year of 2003–2004 Legislative Session Ends

The first year of the 2003–2004 legislative session has ended. This year, the Legislature approved and the Governor signed five bills that directly affect CalSTRS members; below are summaries of these new laws. Further information on these bills is on the CalSTRS Web site, www.calstrs.com, in the *Learn About* section. Unless otherwise stated, new laws take effect on January 1, 2004, and changes in benefits apply only to members who retire after the law's effective date.



Legislation Signed into Law:

AB 106 (Corbett) Chapter 548, Statutes of 2003

For purposes of receiving Defined Benefit Program survivor benefits, includes in the definition of spouse a person who was continuously married to a member for fewer than 12 months prior to the accidental death of the member or for the period beginning prior to the occurrence of the injury or diagnosis of the illness that resulted in the member's death.

AB 205 (Goldberg) Chapter 421, Statutes of 2003

Extends the rights and duties of married spouses to persons registered as domestic partners. Among other things, CalSTRS members who are part of a registered domestic partnership will be able to provide surviving spouse benefits to their partners and disability benefits for their partners' dependent children, as well as establish community property rights to CalSTRS benefits for registered domestic partnerships. This bill takes effect January 1, 2005.

AB 1207 (Corbett) Chapter 313, Statutes of 2003

Authorizes two retirement incentive programs for Defined Benefit members. See page 7 for details.

Assembly Joint Resolution 29 (Pavley) Resolution Chapter 65, Statutes of 2003

Requests the President and Congress enact legislation to remove the burdensome effects of the Government Pension Offset and the Windfall Elimination Provision of the Social Security Act.

SB 627 (Senate Public Employment and Retirement Committee) Chapter 859, Statutes of 2003

Among other things, this bill eliminates the current 10-year limit on the purchase of service credit for DB Program members who wish to purchase service credit for eligible out-of-state service effective July 1, 2004. The bill also expands eligibility for the Medicare Premium Payment Program to include DB Program members who are age 65 or older and are receiving a disability allowance.

Legislation That May Continue:

Some legislation introduced this year did not complete the legisla-

tive process. It is possible these bills, summarized below, will be given further consideration in the second half of the 2003–2004 session.

AB 212 (Maze)

Authorizes a new retirement incentive program for Defined Benefit members, which provides up to four years of service credit to those DB members who retire prior to May 16, 2007.

AB 265 (Mullin)

Increases contributions to the SBMA beginning in fiscal year 2004–2005 and continuing through fiscal year 2010–2011 to offset the reduction in contributions that occurred in the 2003–2004 fiscal year. See page 14 for details.

AB 419 (Assembly Public Employees, Retirement & Social Security Committee)

Among other provisions, allows Cash Balance Benefit Program participants to vote for both K–12 positions in the Teachers' Retirement Board elections.

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AB 1586 (Assembly Public Employees, Retirement & Social Security Committee)

Originally the bill would have allowed the recalculation of service credit and final compensation for certain part-time community college instructors. See page 14 for details.

SB 102 (Burton)

Among other provisions, allows using a portion of unused sick leave to qualify for benefit enhancements and authorizes service credit for military service in a certain period. See page 14 for details.

The Legislature and the Governor from time to time make statutory changes that may affect your CalSTRS benefits—and that may affect any decision by you concerning your career or retirement. CalSTRS makes every effort to provide adequate information when going to print, but legislation can undergo rapid change.

To stay informed about any possible changes, you should consult as many sources as possible including the California State Legislative Counsel Web site (www.leginfo.ca.gov), the CalSTRS Web site (www.calstrs.ca.gov), the CalSTRS Call Center (800-228-5453), CalSTRS benefits counselors or your union and elected legislative representatives.

Board Election *continued from page 1*

The candidates are listed below. Statements provided by the candidates detailing their background and qualifications are included with the ballot.

For the K-12 (Non-Administrator) Position

Dana Dillon, Weed Union Elementary School District

Stephen Schullo, Los Angeles Unified School District

Edward Walzer, Fremont Union High School District

For the K-12 (Inclusive) Position

Gary Lynes, Hillsborough City School District

Valerie Muchowski, Anderson Valley Unified School District

Cash Balance Benefit Program participants will receive a ballot listing only the K-12 (non-administrator) candidates. The CB participants were inadvertently omitted from voting eligibility for the K-12 (inclusive) position. CalSTRS is pursuing legislation to correct this for the next board election.

Public Notice

Public viewing of the opening of ballots will be available at Voice Retrieval & Information Services, Inc., 3222 Skylane Drive, Building 100, Carrollton, Texas beginning December 10, 2003, 8:00 a.m.–5:00 p.m. Final tabulation will be at 4:00 p.m., December 15.



Santa Ana Mayor Joins the Board

Governor Gray Davis has appointed Miguel Pulido, mayor of Santa Ana, to the Teachers' Retirement Board. Mayor Pulido has served on the Santa Ana City Council since 1986 and was elected mayor in 1994, where he is serving his fourth term.

Mayor Pulido serves on a number of regional boards including the Orange County Transportation Authority, Pacific Symphony, Bowers Museum and the Great Park Conservancy. In addition, Governor Davis appointed Mayor Pulido to the state's Workforce Investment Board, which works to further employment opportunities and job training and retention issues.

Mayor Pulido is a small business owner serving as vice president of Ace Muffler, a family-owned auto repair and parts business. He earned a Bachelor of Science degree from California State University, Fullerton in mechanical engineering and a certificate for senior executives for state and local governments from Harvard University.

Mayor Pulido was born in Mexico City in 1956. He and his wife, Laura, have two sons, Miguel Robert and David Andrew and a daughter, Isabel.

Help CalSTRS Move Important Retirement Benefit Legislation

CalSTRS is asking your help in moving three pieces of legislation from the Senate Appropriations Committee to the Senate floor.

These bills would be of great benefit to many of you when you retire.

These bills were being held in committee when the Legislature adjourned for the year. One of the bills has to be approved by the Senate by the end of January to be given further consideration. It's time to write your local senator and ask him or her to support these bills. Your senator needs to hear how important these retirement benefits are for the educators of California's children.

Act Now

Please write a letter of support to help CalSTRS move these bills out of committee

AB 265 (Mullin)

Annual contributions from the General Fund to the Supplemental Benefit Maintenance Account are used to fund purchase power protection to retired CalSTRS members. During fiscal year 2003–2004, these contributions were reduced by \$500 million, with no guarantee that those funds would be repaid in the future. This affects our ability to fund this benefit in the future. AB 265 would increase contributions to the SBMA for fiscal years 2004–2005

through 2010–2011 to provide certainty that the SBMA would be repaid for the reduced contributions.

SB 102 (Burton)

This bill would allow up to two-tenths of one year of unused sick leave to count toward qualifying for one-year final compensation, longevity bonus and other benefit enhancements. It also would exempt Defined Benefit Program members and Cash Balance Benefit Program participants who are called into military service from paying employee contributions for one year if the period of uniformed service occurs between September 11, 2001 and July 30, 2005. This bill must be approved by the Senate by the end of January 2004 to be considered in the Assembly.

AB 1586 (Assembly Public Employees, Retirement and Social Security Committee)

As originally considered by the committee, this bill would have allowed CalSTRS to recalculate the service credit and final compensation for certain part-time community college instructors whose benefits were inadvertently reduced by changes made to the DB Program in the 1990s. These provisions will be restored next year.

For more information on these bills, visit the CalSTRS Web site at www.calstrs.com, and click on *Legislation*.

To access your Senator's address, visit www.sen.ca.gov.

CalSTRS Files Suit to Restore Retiree Funding

CalSTRS has filed a lawsuit against the state to restore a \$500 million contribution cut in Senate Bill 20x. The contribution supports supplemental payments made to approximately 63,000 retired educators and their survivors. These quarterly payments are made when inflation erodes a recipient's monthly benefit below 80 percent of its original consumer purchasing power.

Named as respondents in the suit by virtue of their official capacities are Steve Peace, Director of the California Department of Finance and Steve Westly, California State Controller.

The complaint seeks the invalidation of SB 20x because it provides no assurance the withheld amount will be returned and because the law's implementation will jeopardize the capability of CalSTRS to make the supplemental payments in the future to which members have contractual right.

While current supplemental benefit recipients and those in the near future will not be affected by the missed contribution, the

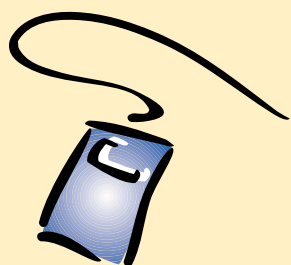


Teachers' Retirement Board opposed SB 20x due to the long-term threat it presents to the program.

Therefore, the board sought a legislative solution to its objections to the law. Assembly Bill 265, authored by Assembly-member Gene Mullin (D-South San Francisco), resolves the board's concerns by providing full and certain return of the total payment. AB 265 did not leave the

Senate Appropriations Committee by the end of the first half of the legislative session. CalSTRS will pursue the provisions of this bill in the session's second half next year. Unless AB 265 is enacted, the Teachers' Retirement Board will continue to pursue litigation to ensure the contribution is made in full.

"We are disappointed to have to resort to litigation to restore this payment," said Gary Lynes, chair of the Teachers' Retirement Board. "The board is sensitive to the state's very real budget difficulties. But in the end, our focus must be on California's educators—on what's best for them, not just now, not in the near term, but forever."



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The CalSTRS Mission Statement

Securing the financial future and sustaining the
trust of California's educators.

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Aileen Adams, Secretary, State and Consumer
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Steve Peace, Director, Department of Finance
Steve Westly, State Controller

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Sherry Reser, Managing Editor

Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law and not on this publication.

The *Bulletin* is published twice a year for active and inactive members of the Defined Benefit Program and participants in the Cash Balance Benefit Program of the California State Teachers' Retirement System. Comments or suggestions may be directed to: Editor, Communications, MS #34, P.O. Box 15275, Sacramento, CA 95851.



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